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Suddenlink: 10 Years in the Making

When *Jerry Kent* left **Charter** in 2001, his entrepreneurial spirit could have landed him anywhere. But if you ask the St Louis native, he'll tell you his return to cable was inevitable. "Over the past several years, during a pretty hard recession, we've been growing revenue at seven percent a year. It validates that it's still a good business," Kent said. "When I left Charter, we had great success—a great management team, the best performing public stock since the IPO. I left due to conflicts with *Paul Allen*; as the majority shareholder, he had his own agenda, and I had an obligation to all shareholders. I didn't leave because I didn't believe in the business model."



Lubbock, TX, employees celebrate a Suddenlink milestone – 3 million RGUs – achieved in the third quarter of 2010.

So, he rounded up a management team and did it again, founding investment and management firm **Cequel III** in January 2002. One of its biggest enterprises was **Cebridge Connections**, born in early 2003 from the post-bankruptcy assets of **Classic Communications**. But it was a long road. "There is always an excitement about starting a new venture, but honestly, we weren't very excited about the Classic systems," Kent recalls. Technology-starved,

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neglected and rural, there was a lot of work to be done. “Some of the systems were kind of put together with bailing wire and chewing gum,” joked the Suddenlink CEO. Cebridge sold off non-strategic assets and physically shut down more than 100 systems that weren’t economically sustainable. “Fortunately, I knew where I could get a management team. A number of my management team members have been with me over 20-25 years, so we didn’t have to worry about getting to know each other, and we could focus on building the culture and building up our operations.”

Cebridge picked up some smaller systems along the way, but it was on the lookout for transformative acquisitions.



(From left) Suddenlink CFO Mary Meduski, CEO Jerry Kent, and COO Tom McMillin

That came in '06 when it closed deals for **Cox** and **Charter** systems, helping to swell its customer rolls to nearly 1.4mln today and making Cebridge a top 10 US MSO. It was then that it changed its name to **Suddenlink**. Not everyone loved the name, with reactions mixed even from the company’s board.

“What I told them is that it’s not really about the name, it’s what you make of the name, and how you deliver on customer service and how you brand the company,” Kent said. “Think about it. **Google**? Is that really a good name? **Yahoo**? Is that really a good name? Over time, you’re able to brand the company in your customer’s mind by delivering on customer service and advanced services, and that’s really how you build a brand name.”

Around the time of the Cox and Charter deals, *Mary Meduski* joined the company as CFO. She had been CFO at **AAT Communications**,

the largest privately owned wireless tower company in the US at the time, which Cequel had just sold. “Just like Jerry, I fundamentally believed in the cable business plan—that we could grow cable both organically and through M&A,” she said about the move. “The properties we had, and the ones we were acquiring from Cox and Charter had little broadband competition, very low penetration of voice, data and very low penetration of commercial customers. So there was just a lot of upside organically.”

Also joining Suddenlink around that time was evp, COO *Tom McMillin*. He concentrated on integration. “On one hand, there was a challenge in doing that, but also a new start. We weren’t going to be Cebridge, Cox or Charter any more. We were just going to be Suddenlink,” said McMillin, previously CFO for **First Broadcasting**. “We set about early on creating consistency in our messaging to customers.”

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While the Cox and Charter deals were watershed moments for the company, another huge catalyst came last Nov when it closed on a \$6.6bln buyout by **BC Partners, CPP Investment Board**, along with Kent, Meduski and McMillin. With new investors in place, the deal has opened up Suddenlink for more growth, both organically and through M&A. It was said to be a serious contender for the **Bresnan** systems that Charter purchased from **Cablevision**. But there's more to be said about the buyout than that. It's also evidence of management's stick-with-it-ness.

"A lot of people... made a lot of money in November. Some of them could have rode into the sunset and bought their vacation home and called it a day," Meduski said. "But nobody did that. We're having a good time doing what we're doing. We think we're making a difference. We want to keep on moving forward."

Other milestones in Suddenlink's 10-year history include a 3-year, \$350mln project started in '09 dubbed Project Imagine to upgrade the plant, which allowed it to go all digital. Kent points to it as evidence the operator hasn't given up on the video business, and Meduski notes that it will help with organic growth, of which she sees plenty of potential. "Only 25% of our customers buy all 3 products from us, and that number is much lower on the commercial side of the house," she said. McMillin said there will be a lot more marketing this year of all the services Suddenlink offers.

Looking ahead, Kent feels upbeat and laughs as he predicts that he has another 10 years in him. "What excites me is that we [the cable industry] keep reinventing ourselves," he said. "Fifteen years ago, we couldn't see how big a part of the business Internet would be. Ten years ago, we never foresaw the opportunity in business services. The pace of technological change is growing rapidly. It gives us challenges, but it also provides opportunity."

Suddenlink Timeline: Selected Milestones

Feb 2003 – Began managing Classic Communications

June 2003 – Acquired Kingwood, TX, system from Shaw Comm

Aug 2003 – Changed name to Cebridge Connections

Jan 2004 – Acquired systems from Alliance Comm Partners

April 2004 – Acquired systems from Thompson Cablevision

June 2004 – Acquired systems from Tele-Media Corporation

Aug 2004 – Acquired systems from USA Media

May 2006 – Acquired Cox systems with approx 900K subs

July 2006 – Acquired Charter systems with approx 240K subs

Jan. 2007 – Began expansive rollout of phone service

May 2008 – Completed West Texas fiber ring

Nov 2008 – Opened \$3.5mln call center in Parkersburg, W. VA

Feb 2009 – Launched TV Caller ID

April 2009 – Launched business-class phone

May 2009 – Began expansion of home security service

Aug 2009 – Launched WiFi@Home, expanded DOCSIS 3.0

Nov 2009 – Launched \$350mln Project Imagine

Mar 2010 – Introduced High-Speed Internet MAX 107.0 service

Aug 2010 – Acquired Windjammer's Greenwood, MS, system

Aug 2010 – First major cable op with all techs SCTE certified

Sept 2010 – Reached 3mln revenue generating units

Dec 2010 – Launched TiVo® HD/DVR

April 2011 – Acquired NPG Cable

June 2011 – Launched Suddenlink2GO online video service

Sept 2012 – Completed Project Imagine

Oct 2012 – Launched TiVo Stream

Nov 2012 – Reached 1 million high-speed Internet customers

Nov 2012 – Company acquired by mgmt and new equity investors



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Customer Service: Suddenlink's Long-Term Commitment and Journey

Try to get any **Suddenlink** executive to talk about long-term goals for the company, and again and again, they will talk about a drive to provide superior customer service. It's something those outside the company have seen as well.

With Suddenlink made up of so many other cable systems, a number of procedures were in place. It decided that SCTE could help it with common goals. "They actually use **SCTE** certifications as part of their CareerPath program," said *Pam Nobles*, SCTE director of education and certification. "It's the first MSO, and still the only MSO, that has 100% certified technicians in the field. Everyone has at least one certification. Most of them



Broadband Technician Ronnie Clifton collects donations from customers during Suddenlink's award-winning "Connecting to Those in Need" food drive in Alexandria, LA.

hold multiple certifications. And they need to get a certification within 90 days of joining the company."

Just recently, SCTE announced that 3 people nationwide have received all 9 offered certifications. Two of those are from Suddenlink. Nobles said the MSO is active in voicing what it needs SCTE to work into certifications, and the concentration has paid off, with the MSO reporting a reduction in customer support calls, she said. "That translates into millions of dollars. And because of customer satisfaction, they've seen reduced churn."

At the time of the **Cox** and **Charter** acquisitions and Suddenlink rebrand in '06, much attention was put on what this new company would be. "One of first things we really did was decide what we wanted to be known for, and what we rallied around was a customer value proposition that we were going to be easy to do business with," said evp,

COO *Tom McMillin*. "It's a journey that we're on, and we're constantly getting feedback from customers as to how we're doing around that."

Progress is being made. Suddenlink's most recent net promoter score was 43, up over 50% from 2007, he said. Net promoter scores are based on how likely customers are to recommend a company and/or product to someone they know. Suddenlink's customer satisfaction score rose to 649 last year from 638 in **J.D. Power's** annual study.

Suddenlink vendor **TOA Technologies** said it was first approached as the company looked at ways to enhance the customer experience. The MSO has used its customer workforce management solution, which includes an hour ahead notification thus narrowing a service window down to an hour, for about 4 years. "When I first started talking to Suddenlink, 'customer service' was one of the first words out of their mouth," said *Susan McLaughlin*, vp of strategic sales for TOA. "Sure, they wanted to see the business case and will it increase productivity... but I can tell you they were more focused on the customer and customer experience than anything else."



Suddenlink's Jonesboro, AR, store was the first of many across the country to be remodeled in a more interactive and welcoming format.

Suddenlink execs always felt strongly that customer value was the way to make a name for itself. "If I told you that we were going to out invest our competitors, that would not be believable. But if I told you that we could be easier to do business with, that is something that is believable." McMillin said. "From Day 1, starting with *Jerry Kent* at the top, there has been this mantra of taking care of the customer and investing in people and technologies that enable us to do whatever we can to take care of the customer."